

# CORPORATE GOVERNANCE REPORT

Corporate governance is an important tool used in our efforts to build long-term shareholder value. With a clear and transparent framework for accountability, reporting and monitoring, Kungsliden is focusing on the most important aspects and thereby limiting risks in operations.

As a listed company, Kungsliden has corporate governance that meets the requirements of the Companies Act, the Swedish Code of Corporate Governance (the Code) and the NASDAQ OMX Nordic Exchange Stockholm's regulations for issuers.

The company applies the principles of corporate governance that the AGM has adopted and that are incorporated in the Articles of Association and in the instructions for the Nomination Committee. These documents are available at Kungsliden's website. In addition to these, a series of instructions also applies for corporate governance as decided by the Board, including the rules of procedure for the Board, CEO instructions, instructions

for financial reporting to the Board, instructions for the Board's committees, code of conduct, finance and communications policy.

## IMPLEMENTATION OF THE CODE

The Code applies to all Swedish companies whose shares are listed for trading on a regulated market. In accordance with the principle of the Code "comply or explain", Kungsliden reports any deviations from the Code and justifies such deviations in its annual corporate governance report. In 2015, Kungsliden has not deviated from the Code in any way.

## CHAIRMAN'S COMMENTS

*In 2013, the Board adopted a new business strategy for Kungsliden. One of the goals was for the company to have a larger property portfolio with a better structure by 2017. For three years now, the company has diligently worked to transform what was then a sprawling portfolio with limited potential, into what it is today. During the 2015 financial year, we achieved our restructuring goals – far ahead of schedule.*



Since 2013, Kungsliden has acquired new, strategic properties for SEK 13.4 billion and divested non-strategic properties and other assets (including its subsidiary, Nordic Modular Group) for SEK 4 billion. At present, the offices segment represents nearly two-thirds of the property value and almost 60 per cent of the holdings exist in major metropolitan regions, with a particular emphasis on Stockholm. Kungsliden now has a property portfolio producing strong, steady earnings. It has all of the necessary characteristics for generating a competitive total return over time.

We have also gotten a grip on the company's historically high financing costs by being proactive in renegotiating loans and restructuring the interest rate swap portfolio.

It was in our favour that conditions in the market have been good during this time, with a high transaction volume, falling interest rates and easy access to financing. But, as always, what counts most in the end is success in identifying the right transactions. Kungsliden's executives, and entire organisation must be commended for their success in carrying out this comprehensive process of change. They achieved this strategic transformation despite the burden of ongoing tax cases that the company has struggled with in recent years. Now, as of December 2015, all of the drawn-out tax cases have been concluded.

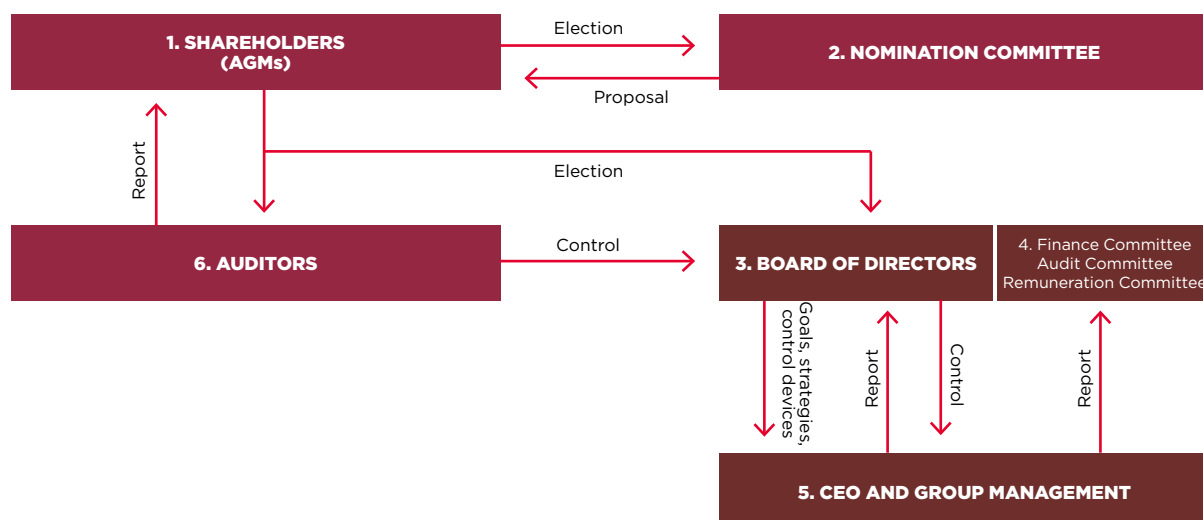
In her comments, our CEO, Biljana Pehrsson, explains how Kungsliden has now completed the first stage of its strategic journey. What role has the Board played in that process? Having

first designed the initial strategy, the Board has thereafter, throughout this first stage, had great influence over the strategy's concrete implementation, continually balancing the expansion rate against the financial risk. All major acquisitions and divestitures were thoroughly examined and approved by the Board in advance. For nearly two years, the composition of the Board has remained unchanged. We have succeeded in building up a comprehensive knowledge base regarding the company's strengths, weaknesses, opportunities and risks. All Board members have actively participated and contributed to these discussions, complementing each other well with their unique expertise and perspectives in the areas of finance and property.

Since, at year-end 2015, Kungsliden was ahead of schedule in meeting its goals, the Board took upon itself the task of setting the direction for the next stage in the company's journey to become one of Sweden's leading property companies. This resulted in a new business plan for the period until 2020. It is presented in more detail elsewhere in this annual report. The Board has continued applying its prior-established models for financial planning in order to study the impact that various strategies and negative scenarios (up until 2020) would likely have on capital and liquidity. Based on that, new financial targets were formulated and presented early in 2016.

During the first stage, 2013–2015, our theme has been expansion with financial balance. In the next stage, financial soundness will still be the guiding star, but focus will switch to value creation in our operational activities – i.e. achieving strong financial results with our streamlined property portfolio. Our efforts to further sharpen our holdings will also continue via divestiture, selective acquisitions and more investments in projects. Continual fine-tuning of the property portfolio is the only way to build and secure long-term, sustainable shareholder value.

Göran Larsson, Chairman of the Board



## 1. ANNUAL GENERAL MEETING

The AGM considers the issues arising from Kungsliden's articles of association and the Companies Act. Notice of the AGM is given on the basis of Kungsliden's articles of association. The AGM decides in accordance with the voting requirements as specified in the Companies Act. One shareholder in Kungsliden, Gösta Welandson with companies, owns shares directly or indirectly that represent at least one-tenth of the voting power of all shares in the company. Gösta Welandson with companies as per 31 December, 2015 had a holding of 13.7 per cent of the company's shares and votes.

The AGM for the financial year 2014 was held on 23 April, 2015. The AGM resolved on profit distribution, the appointment of directors, remuneration to directors and auditors, guidelines for remuneration to senior executives, the election of the Nomination Committee, and a change in the Articles of Association so that it is possible to a new class of shares (preference shares). The Chairman and the company's CEO presented information about the business, the work done by the Board and management, as well as events that occurred in 2014. The minutes of the AGM are available on Kungsliden's website.

The AGM for the financial year 2015 will be held on 28 April, 2016 at Kungsliden's head office, located at Warfvinges väg 31 in Stockholm. More information about the AGM is available at the end of this Annual Report and on Kungsliden's website.

Notice of the AGM will be available in English. The Board with respect to Kungsliden's ownership and what is economically viable has concluded that any other material for the AGM will only be produced in Swedish. For the same reason, remote participation or simultaneous interpretation of negotiations from the AGM will not be offered. After conducting the AGM, an audiovisual recording of the CEO's speech and the minutes of the AGM will be available on Kungsliden's website.

*Read more about Kungsliden's AGM at:  
[www.kungsliden.se/agm](http://www.kungsliden.se/agm)*

## 2. NOMINATION COMMITTEE

The Nomination Committee submits proposals for the election of the Chairman of the AGM, the Board and its Chairman, as well as fees and other remuneration to Board Members. The Nomination Committee also proposed the election of auditors and fees for the audit. The Nomination Committee must look after the interests of all shareholders. The instructions for the Nomination Committee's work is available on the company's website.

The Nomination Committee members are elected at the AGM for a period extending until the next AGM. The Nomination Committee must consist of at least three and at most five members. Three of the members must represent the shareholders who, as of 31 January are among the largest shareholders (in terms of votes) and who also wish to participate in the nomination process along with the Chairman. If any significant changes occur to the ownership structure, the composition of the Nomination Committee can be changed to reflect this. At least one member must be independent of the company's shareholders in the manner specified in the Code. The composition of the Committee is published as soon as the Nomination Committee is appointed.

The 2015 Annual General Meeting saw the election of Eva Gottfridsdotter-Nilsson, Göran Larsson, Krister Hjelmstedt and Martin Jonasson as members of the Nomination Committee. Göran Larsson is also part of the Nomination Committee as Chairman of the Board. Eva Gottfridsdotter-Nilsson was appointed as the Chairman of the Nomination Committee.

Shareholders wishing to submit proposals to the Nomination Committee can do so by sending an e-mail or letter to the Committee. The Nomination Committee's proposal and statement are presented on the company website no later than in connection with the issuance of the notice.

### Nomination Committee

#### Composition in March 2016

- Eva Gottfridsdotter-Nilsson, nominated by Länsförsäkringar Fund Management, Chairman

- Göran Larsson, nominated by Gösta Welandson with companies, as Chairman of the Board at Kungsliden
- Krister Hjelmstedt, nominated by Olle Florén and companies
- Martin Jonasson, nominated by the Second Swedish National Pension Fund.

For more information about the nomination committee:  
[www.kungsliden.se/nomination-committee](http://www.kungsliden.se/nomination-committee)

### 3. BOARD OF DIRECTORS

The composition of the Board is based on it being able to actively and effectively support management in the development of Kungsliden. The Board must monitor and govern operations. Expertise and experience in areas such as property business, finance, business development and capital market issues are particularly important assets of the Board.

According to the Articles of Association, the Board must consist of a minimum of three and a maximum of eight members with a maximum of two deputies. The Board Members and deputies are appointed at the AGM until the end of the next AGM. The following individuals were reelected at the 2015 AGM: Göran Larsson, Charlotte Axelsson, Joachim Gahm, Liselotte Hjorth, Lars Holmgren, Kia Orback Pettersson and Charlotta Wikström. No deputies were elected. The AGM elected Göran Larsson as Chairman. All Board Members are considered to be independent of the company and its management, while one of the members is considered dependent in relation to major shareholders according to the definitions of the Code.

#### The duties of the Board of Directors

The Board conducts its work based on the rules of procedure that are set annually. The rules of procedure regulate the Board and the CEO's responsibilities, the duties of the Chairman, how and when meetings are to take place, and the agenda for these meetings. The Board also adopts instructions for the work of the Board Committees and specifies the procedures for financial reporting to the Board.

The Board must meet at least nine times a year. Each meeting follows an approved agenda. Supporting documentation for each proposal on the agenda is sent in advance to all members.

The rules of procedure also dictate that the Board must ensure that Kungsliden's auditors personally meet with the Board at least once per year to present its findings from the audit of the company and its assessment of the company's internal control.

*It is possible to submit proposals to the Board by sending an email to: [styrelsen@kungsliden.se](mailto:styrelsen@kungsliden.se)*

#### Responsibility of the Board of Directors

The Board is responsible for ensuring that the Company observes the Companies Act, the rules for listed companies (including the Code) and other ordinances and laws, statutes and internal control devices. The Board decides on strategies and objectives, internal control devices, larger property acquisitions and divestiture, other major investments and financing. The Board is responsible for continuously monitoring the business and ensuring that the guidelines, organisation and management are

appropriate, that consideration is given to sustainability issues and that the internal controls are sound. The Board is also responsible for evaluating operational management and succession planning.

The Board works to ensure a high and consistent quality of financial reporting. This is achieved through instructions for financial reporting to the Board, through the communications policy and by taking into account any observations, recommendations or proposals from auditors or the audit Committee.

The annual, interim and year end reports are discussed and approved by the Board. The Board has delegated the following tasks to corporate management: issuing interim reports for the third quarter of 2015 and first quarter of 2016 and ensuring the quality of financial presentations and press releases.

#### Chairman's responsibility

The Chairman heads the work of the Board and must ensure that Board decisions are implemented. The Chairman represents the company in owner-related issues.

The Chairman has an ongoing dialogue with the CEO and is responsible for other Board Members receiving the information and evidence they need to make informed decisions.

### 4. BOARD COMMITTEES

From its members, the Board has set up committees for Finance, Audit and Remuneration that are responsible for dealing with issues in each individual area. The work is based on instructions that have been drawn up for each Committee. The Board appoints members from within the Board to these committees.

### 5. GROUP MANAGEMENT

Corporate management consists of the Group management team, which as of March 2016 is comprised of the company's CEO, Deputy CEO/Chief Financial Officer, Deputy CEO/CIO, Head of Property Development, Regional Managers, Head of Marketing and Communications and Head of Legal. They are responsible for their individual areas within Kungsliden and preparing, together with the CEO, reports for the Board. The CEO takes decisions on operating activities that fall within the scope of the CEO's instructions, following consultations with Group management.

#### Chief Executive Officer

Kungsliden's CEO is responsible for the practical management and coordination of operations. The CEO carries out this work on the basis of the CEO instructions, which are issued annually by the Board. The CEO's instructions state that the CEO is responsible for the company's management, Board reporting, and issues requiring decisions by or application to the Board, such as the determination of interim and annual reports, decisions on major purchases, sales, major investments or capital allocations, raising larger loans or guarantees above a certain level.

### 6. EXTERNAL AUDITORS

The external auditors audit the Board and the CEO's management of Kungsliden and ensure financial statements are prepared in accordance with the applicable regulations. KPMG AB has

been appointed as auditor of the parent company for the period up until the AGM in 2016. Authorised Public Accountant George Pettersson is chief auditor. In addition to the audit, KPMG has in recent years also provided advice on transactions, taxation and administration. Fees are paid according to an approved account. In 2015, the auditors' fees in the Group were SEK 3 (3) million.

#### Work conducted by the Board of Directors during 2015

The Board convened eleven times in 2015. In addition, meetings were held by correspondence on six occasions in connection with buying, selling and financing issues. Attendance at Board meetings is detailed below. Included among the matters the Board considered were Kungsliden's strategy, goals, business plan, market, organization external reporting, purchase and sale of property, investments in existing properties, valuation of properties, raising loans and other financing issues, proposal of change in the Articles of Association so that it is possible to issue preference shares, sale of the remaining share in the associated company, Nordic Modular Group, tax situation and principles for variable remuneration. At the Board meetings, the company's CEO, Deputy CEO/Chief Financial Officer and Head of Legal, who is also the secretary to the Board, were all present.

#### Finance Committee

The Finance Committee provides the work on financing with a special forum. The Committee is responsible for providing the Board with proposals on financing issues, financial goals in the short and long term, issues concerning the company's financial risks, hedging activities and other tasks within the scope of the company's finance policy.

The Finance Committee that was elected at the inaugural meeting of the Board consists of Joachim Gahm (Chairman), Liselotte Hjorth and Lars Holmgren. The Committee met on five occasions in 2015. At the meetings, Kungsliden's CEO, CFO and Financial Manager were present.

#### Audit Committee

The Audit Committee provides the work of accounting and auditing with a special forum. The Committee works with Kungsliden's internal monitoring and control systems and quality assurance of external financial reporting. The Audit Committee also assists the Nomination Committee in the work to propose the appointment of auditors as well as proposals on audit fees.

The Audit Committee that was elected at the inaugural meeting of the Board consists of Göran Larsson (Chairman), Charlotte Axelsson and Lars Holmgren. The Committee met on five occasions in 2015. At the meetings, Kungsliden's Chief Financial Officer, Financial Manager and the company's external auditors were all present.

#### Remuneration Committee

The Remuneration Committee makes proposals to the Board regarding employment terms for the CEO, frameworks for remuneration to senior executives and principle issues relating to pensions, salaries, allowances, benefits and severance pay. The Committee works on the basis of the guidelines for remuneration to senior executives that the AGM has determined.

The Remuneration Committee that was elected consists of Charlotta Wikström (Chairman), Göran Larsson and Kia Orback Pettersson at the inaugural meeting. The Committee met on three occasions in 2015. Kungsliden's CEO attended the meetings.

#### Evaluation of the work done by the Board

The Board conducts an annual evaluation of its work methods and procedures. The evaluation aims to ensure the proper functioning of the processes for information gathering, reporting, analysis, planning and decision making. The evaluation also aims to ensure that the Board has the necessary skills at its disposal. The results of the evaluation are reported to the Nomination Committee and form the basis for the nomination process.

The 2015 evaluation was assisted by Nordic Investor Services, an external consulting firm, which, for several years has offered Board evaluation services to Kungsliden's Board. The 2015 evaluation consisted of web-based questionnaire tailored to the company's operations. A number of key areas were reviewed. The most important were composition of the Board and its expertise, the dynamics within the Board, Kungsliden's continued development with a focus on strategy and the board's future challenges. The results were compiled by Nordic Investor Services and presented by the Chairman of the Board at the December Board meeting. The results show that the Board is working efficiently, with broad experience and a solid foundation of expertise. The climate is open and there is a high level of trust among Board members. All Board members are working efficiently and showing much enthusiasm for their roles.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS IN 2015		Board of Directors	Finance Committee	Remuneration Committee	Audit Committee
Göran Larsson	○	11/11		3/3	○ 5/5
Charlotte Axelsson		10/11			5/5
Joachim Gahm		10/11	○ 5/5		
Liselotte Hjorth		11/11	5/5		
Lars Holmgren		10/11	5/5		5/5
Kia Orback Pettersson		11/11		3/3	
Charlotta Wikström		10/11		○ 3/3	

○ - Chairman of the Board/Committee

### Remuneration to the Board

Fees for the Board are in accordance with a resolution adopted at the AGM.

APPROVED FEES AGM 2015 (SEK)	Chairman	Board Member
Board of Directors	450,000	200,000
Committee	30,000	30,000

### Remuneration to senior executives

The AGM annually adopts guidelines for remuneration and other terms of employment for senior executives. According to the guidelines adopted at the AGM 2015, Kungsliden shall apply remuneration levels and other conditions that are necessary to recruit and retain management with a high level of competence and capacity to achieve the set goals. Remuneration must motivate senior executives to do their utmost to safeguard the interests of shareholders.

Remuneration must therefore be competitive, as well as being simple and measurable. Remuneration of senior executives should normally consist of a fixed and a variable component. The variable portion shall be based on performance of the senior executive in relation to pre-determined targets in simple and transparent structures and with a pre-determined cap.

The fixed remuneration for senior executives shall be competitively set and based on expertise, responsibility, experience and performance. Variable remuneration for corporate management shall normally fall within the range of 25–75 per cent of the fixed salary and based on the senior executive's performance in relation to pre-determined targets for the company and each business area/region's earnings level.

The amount of remuneration paid in 2015 is detailed in Note 7. The proposed guidelines for remuneration and other employment terms, will be presented to the 2016 AGM. They include a change in how variable remuneration is calculated for the CEO and Deputy CEOs, who may, as proposed, receive maximum variable remuneration equal to 100 per cent of their fixed salary. To encourage the CEO and Deputy CEOs to own shareholdings in the company, the following applies: when outcome is 100 percent, half of the variable remuneration is used to acquire shares in Kungsliden. When the outcome is less than 100 per cent, the maximum amount of variable remuneration is 75 per cent, without any requirement on acquiring shares. According to the guidelines that will be proposed to the

AGM in 2016, the maximum remuneration expense is estimated at SEK 13 million, not including social security contributions. This amount is based on meeting all goals such that maximum variable remuneration is earned.

### INTERNAL CONTROL AND RISK MANAGEMENT

Internal control is important in order to ensure that the agreed goals and strategies provide the desired results, that laws and regulations are followed and that the risk of adverse events and errors in reporting are minimised.

The following describes responsibilities pertaining to the internal controls for financial reporting.

#### Control environment

The Board has overall responsibility for the company's internal control. The CEO has ongoing responsibility to ensure that internal control is maintained. Kungsliden's internal control rests on the control environment that the Board and management rely on, as well as decision-making channels, authorities and responsibilities that have been communicated within the organisation.

#### Risk assessment

An essential element of internal control is to obtain a clear picture of the risks of errors arising in the external reporting and ensuring that an organisation and processes are in place to manage these risks. Kungsliden works continuously and actively to identify, assess and manage the risks that the company faces in its financial reporting. Kungsliden is a process-oriented company and integrates risk assessment routines into its business processes.

An assessment of the risk of errors in financial reporting is conducted annually for each line of the income statement, statement of financial position and cash flow statement. For the items that are essential and/or have an increased risk of errors, processes in place to minimise this risk. The processes not only apply to the actual financial processes, but also include, among other things, business controls, business plan processes and IT systems.

One example of a governing document is the tool for monitoring operations that has been developed. Governing documents are used when making property acquisitions and property divestiture, for the overall monitoring of operations, and when making valuations.

**Control activities**

Kungsleden has designed its internal control to ensure that the control activities are carried out routinely, at a general level, or are of a more process-oriented nature. Examples of general controls are ongoing profit analyses based on operational and legal structures, and the analysis of key figures. Formal reconciliations, required signatures and similar controls are examples of procedural or process-oriented controls aimed at preventing, detecting and correcting errors and deviations. Control activities have been designed to manage the significant risks relating to financial reporting.

**Information and communication**

The Board receives ongoing financial reports and the Group's financial position is considered at each scheduled Board meeting. The company's auditors report their observations from the audit and give their assessment of the internal control once a year.

Kungsleden has a policy to ensure that employees anonymously and without penalty can contact a third party to report actions or other anomalies that signify a breach or suspected violation of laws or other guidelines and rules.

All information that may be price sensitive is communicated to the market via a press release. The company has ensured that the information reaches the market at the same time. The CEO and CFO are elected as spokespeople in financial matters.

**Follow-up**

The Board continuously requests assessments from management on the risks facing the business. The results are compiled in reports and reported to the Audit Committee.

Kungsleden has no internal audit function. The internal control is deemed to be satisfactory and suitable for an organisation of Kungsleden's size. Accordingly, the Board and management does not feel that an internal audit function is necessary.

# BOARD OF DIRECTORS



Top row: Joachim Gahm, Lars Holmgren, Charlotte Axelsson and Liselotte Hjorth.  
Bottom row: Charlotta Wikström, Göran Larsson and Kia Orback Pettersson.

**GÖRAN LARSSON**  
**CHAIRMAN OF THE BOARD**

Born 1944, Master of Political Science. Appointed to the Board in 2013. Other current assignments: Chairman of Hestra-Handsken AB, Hestraviken AB and Mappa Invest AB. Board Member at Bratt International AB. Independent: The member is considered independent of the company and its management but not independent in relation to the major shareholders. Holds 20,000 shares in Kungsleden.

**CHARLOTTE AXELSSON**  
**BOARD MEMBER**

Born in 1948, BSc Sociology/Management. Appointed to the Board in 2014. Other current assignments: Chairman of AFF Service AB, Slättö Förvaltning AB and Vasallen AB. Board Member in the Foundation MHS-bostäder. Independent: The member is deemed to be independent of the company, its management and major shareholders in the company. Holds 1,333 shares in Kungsleden.

**JOACHIM GAHM**  
**BOARD MEMBER**

Born in 1964, MSc in Business and Economics. Appointed to the Board in 2011. Other current assignments: Chairman of Arise AB. Board Member of Catella AB. Independent: The member is deemed to be independent of the company, its management and major shareholders in the company. Holds 2,666 shares in Kungsleden.

**LISELOTTE HJORTH**  
**BOARD MEMBER**

Born in 1957, B.Sc. in Economic. Appointed to the Board in 2014. Other current assignments: Board Member of East Capital Explorer AB, Hoist Finance AB and White arkitekter Aktieföretag. Independent: The member is deemed to be independent of the company, its management and major shareholders in the company. Holds 6,666 shares in Kungsleden.

**LARS HOLMGREN**  
**BOARD MEMBER**

Born in 1952, Master's Degree in Chemistry and Industrial Management. Appointed to the Board in 2011. Other current assignments: Board Member of Cliens Kapitalförvaltning AB and Nordic Modular Group AB. Independent: The member is deemed to be independent of the company, its management and major shareholders in the company. Holds 6,666 shares in Kungsleden.

**KIA ORBACK PETERSSON**  
**BOARD MEMBER**

Born in 1959, MSc in Business and Economics. Appointed to the Board in 2010. Other current assignments: Chairman of Fastighetsbolaget Riksdalen, Svefa Holding AB, Teracom Boxer Group AB and Friskis&Svettis Riks. Board Member of JM AB and Odd Molly International AB. Independent: The member is deemed to be independent of the company, its management and major shareholders in the company. Holds 2,266 shares in Kungsleden.

**CHARLOTTA WIKSTRÖM**  
**BOARD MEMBER**

Born in 1958, MSc in Business and Economics. Appointed to the Board in 2009. Other current assignments: Board Member of Botrygg AB and Forsen Projekt AB. Independent: The member is deemed to be independent of the company, its management and major shareholders in the company. Holds 14,666 shares in Kungsleden.

Details of shareholdings relate to holdings at 31 December 2015 and include holdings through companies and related parties.

# GROUP MANAGEMENT



Top row: Gert Ternström, Ylva Sarby Westman, Sven Stork, Anders Kvist and Mats Eriksson.  
Bottom row: Malin Axland, Frida Stannow Lind, Biljana Pehrsson, Nicklas Arfvidsson and Marie Mannholt.

**BILJANA PEHRSSON, CEO AND PRESIDENT**  
Born 1970. Employed since 2013. Previous experience: Deputy CEO/Head of Real Estate at East Capital Private Equity, CEO Centrum-utveckling, Board member of Kungsleden during 2011-2013. Holds 25,000 shares in Kungsleden.

**ANDERS KVIST, DEPUTY CEO AND FINANCE DIRECTOR/CFO**  
Born 1958. Employed since 2012. Previous experience: Head of Group Treasury at SEB, manager of asset management activities at DnB and Skandia and CEO of Skandia Liv. Holds 40,333 shares in Kungsleden.

**YLVA SARBY WESTMAN, DEPUTY CEO AND CIO**  
Born 1973. Employed since 2009. Previous experience: Executive Vice CEO at Newsec Investment AB, Property Development Manager at NCC Property Development AB. Holds 3,333 shares in Kungsleden.

**MARIE MANNHOLT, HEAD OF COMMUNICATIONS AND MARKETING**  
Born 1966. Employed since 2014. Previous experience: Senior consultant in property development on Mann Holt Consulting, Marketing Manager/Senior Project Manager at Centre Development, Marketing Manager at BMW/Rover, Regional Manager at Volvo Cars. Holds 2,666 shares in Kungsleden.

**FRIDA STANNOW LIND, HEAD OF PROPERTY DEVELOPMENT**  
Born 1967. Employed since 2010, in current post since 2013. Previous experience: Property Manager at Drott, Investment Manager at Niam, Property Manager at Ebab. Holds 2,953 shares in Kungsleden.

**SVEN STORK, REGIONAL MANAGER STOCKHOLM**  
Born 1967. Employed since September 2014. Previous experience: Key Account Manager at Newsec Asset Management, Asset Manager at Niam AB, Project Manager at NCC Property Development AB. Holds 0 shares in Kungsleden.

**NICKLAS ARFVIDSSON, REGIONAL MANAGER GOTHENBURG**  
Born 1975. Employed since 2005, in current post since 2008. Previous experience: Manager at Vasakronan, District Manager at ISS Facility Services. Holds 366 shares in Kungsleden.

**GERT TERNSTRÖM, REGIONAL MANAGER, MALMÖ**  
Born 1962. Employed since 1999, in current post since 2003. Previous experience: Supervisor at Skanska AB and AB Interoc, construction engineer at JM Bygg AB, manager at JM Industrifastigheter AB. Holds 9,333 shares in Kungsleden.

**MATS ERIKSSON, REGIONAL MANAGER MÅLARDALEN**  
Born 1963. Employed since March 2015. Previous experience: Business Manager Retail Newsec Asset Management, Head of Property Development ICA Fastigheter AB, Business Area Manager at NIAM AB and Property Manager at Siab AB. Holds 0 shares in Kungsleden.

**MALIN AXLAND, HEAD OF LEGAL**  
Born 1974. Employed since 2007, in current post since 2013. Previous experience: Lawyer at Mannheimer Swartling, law clerk at Huddinge District Court. Holds 266 shares in Kungsleden.

Details of shareholdings relate to holdings at 31 December 2015 and include holdings through companies and related parties.

Eskil Lindnér was a member of the senior management team through 31 December 2015.



# AUDIT REPORT

TO THE AGM OF KUNGSLEDEN AB (PUBL), CIN 556545-1217

## REPORT ON THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

We have conducted an audit of the annual report and consolidated financial statements for Kungsliden AB (publ) for the 2015 financial year. The annual report and consolidated financial statements are included in the published version of this document on pages 18–84.

### The Board's and CEO's responsibility for the annual report and consolidated financial statements

The Board of Directors and the CEO are responsible for preparing an annual report which give a true and fair view in accordance with the Annual Accounts Act and for preparing consolidated financial statements which give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and the Annual Accounts Act, and for providing the level of internal control that the Board and the CEO deem necessary to prepare an annual report and consolidated financial statements that are free of material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on the annual report and consolidated financial statements based on our audit. We conducted the audit in accordance with International Standards on Auditing and generally accepted auditing practices in Sweden. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the annual report and consolidated financial statements are free of material misstatement.

An audit includes various measures to obtain audit evidence about the amounts and disclosures in the annual report and consolidated financial statements. The auditor selects the actions to be performed, including assessing the risks of material misstatements in the annual report and consolidated financial statements, whether due to fraud or error. When performing this risk assessment, the auditor takes into account the components of the internal controls that are relevant to how the Company prepares its annual report and consolidated financial statements in order to provide a true and fair view. The aim is to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. An audit also includes evaluating the appropriateness of the accounting policies applied and the reasonableness of estimates used by the Board of Directors and CEO when preparing the financial statements, as well as an evaluation of the overall presentation of the annual report and consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

### Opinion

In our opinion, the annual report has been prepared in accordance with the Annual Accounts Act and in all material respects, gives a true and fair view of the Parent Company's financial position as at 31 December 2015 and of its financial performance and cash flows for the year in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and in all material respects, they give a true and fair view of the Group's financial position as at 31 December 2015 and of its financial performance and cash flows for the year in accordance with the International Financial Reporting Standards (IFRS) that have been adopted by the EU and with the Annual Accounts Act. A corporate governance report has been prepared. The Board of Directors' report and corporate governance report are consistent with the other parts of the annual report and the consolidated accounts.

We therefore recommend that the AGM should adopt the income statements and balance sheets for the Parent Company and the income statement and consolidated statement of position for the Group.

## REPORT ON OTHER REQUIREMENTS ACCORDING TO LAWS AND OTHER REGULATIONS

In addition to our audit of the annual report and consolidated financial statements, we have also audited the proposed appropriation of the profit or loss and the administration of the Board of Directors and CEO of Kungsliden AB (publ) for the 2015 financial year.

### The Board of Directors' and CEO's responsibility

The Board of Directors is responsible for the proposed appropriation of the profit or loss, and the Board of Directors and the CEO are responsible for administering the Company in accordance with the Swedish Companies Act.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to, with reasonable assurance, express an opinion on the proposal for appropriation of the profit or loss and the administration of the Company, based on our audit. We conducted our audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board's proposed appropriation of the profit or loss, we examined the Board's opinion and a sample of the evidence supporting its opinion in order to assess whether the proposal complies with the Swedish Companies Act.

As the basis of our statement regarding discharge from liability, besides our audit of the annual report and consolidated financial statements, we examined significant decisions, actions taken and circumstances of the Company in order to be able to determine the possible liability to the Company of any Board member or the CEO. We also examined whether any Board member or the CEO has, in any other way, acted in contravention of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our opinion.

### Opinion

We recommend to the AGM that the profit (loss) be dealt with in accordance with the proposal in the Board of Directors' report and that the members of the Board of directors and the CEO be discharged from liability for the financial year.

Stockholm, 18 March 2016  
KPMG AB



George Pettersson  
Authorised Public Accountant